

# **BUDGET MESSAGE**

(Revised)

To: Edgecombe County Chairman and Board of Commissioners

From: Lorenzo Carmon, County Manager

Date: May 11, 2009

Subject: Budget recommendation for fiscal year 2009-2010

Submitted herein is the Edgecombe County recommended Budget for Fiscal Year (FY) 2009-2010. The Budget is balanced in its entirety, as required by the North Carolina Local Government Budget and Fiscal Control Act.

The County's proposed General Fund budget for FY 09-10 totals \$55,364,005, which is a 1% increase from last year's original operating budget of \$54,792,157. The proposed ad valorem tax rate for the FY 09-10 is 86 cents per \$100 value. One cent will generate approximately \$286,793 in revenue, up from \$229,557 in this current year. The proposed budget includes a fund balance appropriation of \$2,234,600. The \$2.2 million fund balance appropriation is a 7.8 cent tax equivalent.

As you know this year is a revaluation year for the County. Total valuation is expected to increase countywide by 26.38%. The estimated total value from revaluation is \$3,117,658,998, which is up from the \$2,466,718,370 value used in previous years. The revenue neutral tax rate would be .752 cent. The utilization of fund balance for the past 2 fiscal years along with the expected use of fund balance in the current year, revenue neutral is not an option in the proposed budget. The realized tax increase is 11 cent per \$100 in value. (Ex. Home previously valued at \$75,000 at the .94 cent tax rate paid County taxes of \$705. Now with an estimated revaluation of \$100,000 at the proposed tax rate of .86 cent they will now pay \$860. Their value increased 33.33% and the tax bill increased 21.9%.)

Many of Edgecombe County's revenues are expected to decrease this year. The global economic crisis and financial upheaval has devastated the economy. The Register of Deeds office is experiencing revenue losses due to the slow economy with an expected shortfall in revenues in the current year of \$150,000 and the same loss expected in the proposed budget. We will lose \$1.67 million in Sales Tax Revenue due to changes resulting from

Medicaid Relief and the economy. However, our expenditure obligations continue to increase, which include:

• 15% increase in Employee health insurance	\$351,400
• Health insurance for additional retirees	80,000
• Jail Medical & Food	330,000
• 3% increase to Edgecombe Co Public Schools	289,830
• Other costs of business – Ex. utilities etc	394,584

### General Fund Operational Highlights

- Counties will finally be out of Medicaid costs in the next fiscal year, although it came with a price.
- Departmental budgets have remained basically the same with only mandated increases.
- All outside agencies except those with funding agreements with other partners remain the same as the current year with the exception of Edgecombe County Public Schools and a \$25,000 appropriation to the Community College for capital outlay.

### Personnel

The cost of personnel is the item that continues to drive our budget. The results of a recently completed compensation pay study revealed that our overall salaries are approximately 6% below the market. However in light of the overall economic conditions this budget does not include funding to implement the recommended pay plan adjustments. We are proposing to review this item in December or January.

We are also proposing that we continue researching ways to restructure all county operations in an effort to decrease and or eliminate operational costs.

There is no COLA included in this proposed budget.

### Health Insurance

The overall cost of employee health insurance increased by approximately 15%, or \$2.9 million to \$3.3 million. We are proposing to deposit \$100 in a health care reimbursement account again this year for all employees. We will be implementing the Health Risk Assessment program for all individuals covered by our health insurance in an effort to reduce our health insurance cost.

### Capital Outlay

This budget includes minimal capital outlay expenditures for servers and required equipment upgrades. Funding for Sheriff cars will be revisited in January.

### Solid Waste

The proposed tipping fees remain the same as the current year at \$45.50 per ton.

The landfill gas project continues to offer the possibility of generating additional revenue for the County by selling carbon credits.

### Water & Sewer

This budget recommends that the flat rate for 500 gallons of water for residential customers be increased from \$25.00 to \$26.00 and the rate remain the same at \$4.80 per 1,000 gallons. The average bill for customers using 3,500 gallons per month will increase from \$39.40 to \$40.40. These adjustments are needed to cover the cost of rising water purchases and operational expenses.

### Conclusion

In addition to this budget falling short of addressing the many significant and critical requests from both internal and external providers, it appropriates our fund balance down to 8%, which is the lowest amount recommended by the Local Government Commission. We must continue to remain vigilant in our effort to reduce our overall operating expenses by eliminating and consolidating positions whenever possible while having minimal impact on customer service. In addition we must remain mindful of how the downturn in the global economy affects the citizens here in Edgecombe County.